REPORT

DATE: March 6, 2008

TO: Regional Council

FROM: Mannik Sakayan, Government Affairs Analyst, (213) 236-1883, sakayan@scag.ca.gov

SUBJECT: ON TIME Act (HR 5102) by Rep. Ken Calvert (R-Riverside)

EXECUTIVE DIRECTOR'S APPROVAL: Hasan Ikhrata

RECOMMENDED ACTION:

Continue to work with the author. Provisions of the bill will most likely be incorporated into the transportation reauthorization bill in 2009.

BACKGROUND:

On January 23, 2008, US Representatives Ken Calvert (R-Riverside) and Jesse Jackson, Jr. (D-IL) introduced the ON TIME Act, Our Nation's Trade Infrastructure, Mobility and Efficiency Act (HR 5102), which would assess fees on containerized imports and exports entering or leaving US ports to fund transportation projects in communities most affected by the movement of goods.

The ON TIME Act is intended to provide "a trade-based funding stream dedicated to high priority projects that will alleviate congestion in our nation's trade corridors." HR 5102 was introduced in response to the tremendous growth in US trade and in anticipation of increased volume given the number of trade agreements currently in place and/or pending. The bill aims to improve the mobility in and out of ports and to increase the efficiency of trade corridors. It is also believed that HR 5102 may avoid a Supreme Court challenge to Interstate Commerce Clause provisions by establishing a national fee system instead of an ad hoc system of fees by individual port authorities.

The bill has been referred to the House Transportation and Infrastructure Committee's Subcommittee on Railroads, Pipelines, and Hazardous Materials.

The ON TIME Act, HR 5102 would:

- Establish a national trade corridor fee (freight fee) to fund transportation projects in communities most impacted by the movement of goods;
- Set the freight fee at 0.075 percent (capped at $500) of the fair market value of the goods moving in and out of US ports of entry; the fee would be assessed on the value of each shipment and not on individual containers;
- Designate National Trade Gateway Corridors (NTGC) as defined by the Departments of Transportation and Commerce; corridor may include areas in more than one state if the states are contiguous; corridor may only include areas used for

international cargo movement; may designate a single corridor for multiple ports of entry in close proximity of one another;

- Dedicate all fees, in the form of grants, to eligible transportation projects in the corridors in which they are collected; fees would be deposited into the National Trade Gateway Corridor Fund;

- Define eligible project as: "a project for construction of or improvements to a publicly owned intermodal freight transfer facility, or for making operational improvements to such a facility (including capital investment for an intelligent transportation system); projects located within the boundaries of a port terminal shall only include surface transportation infrastructure modifications necessary to facilitate direct intermodal interchange, transfer, and access into and out of the port"; may include freeway expansion, grade separations, dedicated truck lanes, and publicly-owned intermodal freight transfers;

- Fund eligible projects within 300 miles of a NTGC as prioritized by State transportation agencies, in consultation with local governments, port authorities, regional planning organizations, public and private freight shippers, and providers of freight transportation services; project selection must adhere to applicable metropolitan and state-wide planning processes;

- Give State departments of transportation six years to obligate funds; after six years, unobligated funds would be given to other states for eligible projects;

- Require a 80% Federal and 20% Non-Federal match;

- Sunset in 10 years.

FISCAL IMPACT:
All work related to this item is contained within the adopted FY 07/08 budget, WBS# 08-810.SCGS1.

Reviewed by:

Division Manager

Reviewed by:

Department Director

Reviewed by:

Chief Financial Officer